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Inner City Press
Community on the Move
&
Inner City Public Interest Law Center

February 16, 2000

Federal Communications Commission
Attn: Ms. Magalie Roman Salas, Secretary
445 Twelfth Street, S.W., TW-A325
Washington, DC 20554

Re: CC Docket No. 99-333

Dear Secretary Salas:

Pursuant to the Commission's Public Notice DA 00-104 (rel. January 19, 2000), I am enclosing an original and four (4) copies of the Comments of Inner City Press / Community on the Move and the Inner City Public Interest Law Center. If you have any questions, please telephone the undersigned, at (718) 716-3540.

Very Truly Yours,
Matthew Lee
Matthew Lee, Esq.
Executive Director

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CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of February, 2000, I caused copies of the foregoing Comments / Petition to Deny to be delivered by first class U.S. mail to the following:

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Wireless Telecommunications Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 4-A163
Washington, D.C. 20554

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Common Carrier Bureau
Federal Communications Commission
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Washington, D.C. 20554

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MCI WorldCom, Inc.
Attn: Robert Lopardo and Kimberly Scardino
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Sprint Corporation
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Washington, D.C. 20004

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Joint Applications for Consent to Transfer Control Filed by MCI WorldCom, Inc and Sprint Corporation	))))))	CC Docket No. 99-333

To: The Commission

Comment in Opposition / Petition to Deny, filed by Inner City Press/Community on the Move and the Inner City Public Interest Law Center

February 16, 2000

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On behalf of Inner City Press/Community on the Move and its members and affiliates (collectively, "ICP"), a consumers' organization headquartered in the Bronx, New York, this filing opposes the Joint Applications for Consent to Transfer Control filed by MCI WorldCom, Inc. ("WorldCom" and Sprint Corporation ("Sprint;" together, the "Joint Applicants"). As set forth below, ICP contends that this proposed merger would have substantial anticompetitive effects in, at a minimum, the long distance telephone and Internet backbone product markets, and would exacerbate the digital divide, in light of WorldCom's continued redlining of low-income communities of color.

Worldcom is currently #2, and Sprint is #3, in the long-distance product market. The Joint Applicants recently told the New York State Public Service Commission (the "NYSPSC") that Worldcom's share of the national long distance market is 25.6%, and that Sprint's share is 10.5% (Joint Applicants' Petition to the NYSPSC, at 21). Significantly to ICP and its members, the New York market is even more highly concentrated than the "nationwide" market, with the top three players controlling over 84% of the market.

The Federal Communications Commission's (the "FCC's") Chairman issued a statement, on October 5, 1999, that:

> Competition has produced a price war in the long distance market. This merger appears to be a surrender. How can this be good for consumers? This parties will bear a heavy burden to show how consumers would be better off.
>
> --*Statement of FCC Chariman William E. Kennard on Proposed Merger of MCI WorldCom, Inc. and Sprint Corp.*, FCC News, October 5, 1999

Nothing since October 5, 1999 -- least of all the Application, and the Joint Applicants' public statements, some of which are recited infra -- has changed the injury to competition, and to consumers, that this proposal portends. As noted by one informed observer, "[r]educing the number of... players in long-distance cannot be cured by a[ny] divestiture of assets." Telephony, December 20, 1999.

Furthermore, WorldCom and Sprint are the largest and second largest Internet backbone providers, controlling almost two-thirds of the long-haul Internet market. When Worldcom acquired MCI in 1998, Sprint, a Joint Applicant here, urged the FCC to "require as a condition of the WorldCom/MCI merger, that the merging parties spin off either WorldCom's or MCI's Internet assets." (Sprint's Comments to FCC, March 13, 1998; *see also* Sprint's press release of March 4, 1998).

The initial review memo of the FCC's own research director of the Office of Plans and Policy, Tom Krattenmaker, reported in the Washington Post of December 11, 1999 (and incorporated into the record by reference) called the Internet backbone issue "the most troublesome." Worldcom's CEO on January 12 said that "the wireless thing is not the only thing we wanted. It was a primary component. But, if we had to sell off the rest, the tax problem -- from any accounting perspective -- would be much more than we could live with." Radio Comm. Report, Jan. 17, 2000. Observers have interpreted this as indicative of Worldcom's position that it would refuse to make divestitures in this case. *Id.* In that event, the merger should be denied.

ICP is particularly concerned with the negative impact this merger (and consolidation process) would have on underserved low-income and minority communities. Approximately five percent of New York State households still lack any telephone service; among the states with large populations, New York has the lowest percentage of households with Internet access (only 15 states have lower household Internet access than New York, and none of those states have more than 600,000 households). *Falling Through the Net: Defining the Digital Divide,* at 16 and 30, U.S. Commerce Department (1999). WorldCom's proposed elimination of a major competitor, particularly given WorldCom's record (*see infra*) would further injure low income households and communities, in New York State, the Bronx, and elsewhere.

ICP, along with other groups, raised these issues during the FCC's review of the WorldCom - MCI merger in 1998. At that time, WorldCom represented to the FCC that "low-income and minority communities located in and around these city centers are well positioned to receive the benefits of local competition from MCI WorldCom. MCI and WorldCom are eager to expand their combined networks and provide service to residences and businesses at all socioeconomic levels." (Second Joint Reply, FCC Docket No. 97-211, at 93, filed March 20, 1998). It does not appear that these "benefits" have arrived, since the MCI WorldCom merger; ICP the FCC to inquire closely into this issue, and to hold an evidentiary hearing.

During the WorldCom - MCI proceeding, maps were entered into the record showing WorldCom's and MCI's fiber optic cable locations in and around New York City: focused in lower Manhattan, and directed into the more affluent suburbs of Westchester and Nassau Counties. There was, for example, no fiber / cable in The Bronx, nor in Upper Manhattan, or Central Brooklyn. The FCC should inquire into the current situation, and WorldCom's and/or Sprint's future plans, including through the requested evidentiary hearing.

The Commission should also inquire into the degree to which Worldcom's concentration on lucrative / global business customers would result in further deteriorating in the services that Sprint offers in New York. On this, J.D. Powers and Associates' survey, released August 4, 1999, rated Sprint second to worst among 14 companies in customer satisfaction.

ICP is asking the Commission to consider the particularly grave effect on, and the Applicants' current exclusion or avoidance (redlining) of, lower-income consumers, in both the telephone/long-distance and internet product markets, under the Commission's public interest standard and otherwise.

Approval of this proposal would have effects and continue trends that Congress directed the FCC to mitigate and reverse in the Telecommunications Act of 1996: the (telecom / information) rich get richer; the (telcom / information) poor get poorer. Congress in the 1996 Act charged the FCC "to make available, so far as possible, to all the people of the United States without discrimination on the basis of race, color, religion, national origin, or sex a rapid, efficient, Nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges...". Congress expressed particular concern for low-income consumers, directing the FCC to ensure that consumer in every region -- including low-income consumers and those in rural areas -- should have access to telecommunications and information services at reasonable costs.

The Commission should take note of Worldcom CEO Bernard Ebbers' January 12, 2000 comments at the National Press Club in Washington, where Ebberts stated that Worldcom would be accelerating deployment of broadband services to rural and underserved areas (*see, e.g.*, the Joint Applicants' own promotional Web site, <www.WorldCom-merger.com>). No information about how this commitment would be carried out in New York (or in many other affected communities) has been made part of the Applications; the Commission should inquire into this, and allow ICP and others to comment thereon.

Allowing WorldCom and Sprint to combine rather than compete would result in higher, unreasonable costs to New York State consumers, particularly, low-income residential consumers. WorldCom is openly more focused on business customers than residential consumers; even where the Applicants do target residential customers, they avoid, exclude, or always "leave for later" the lower-income communities whom universal service is particularly meant to protect and benefit.

This merger (1) would bring few benefits to residential consumers, and (2) would bring NO benefits to the lower income consumers, including in the Bronx and New York State, that are a major focus of universal service.

For the foregoing reasons, ICP urges the FCC to deny these Applications.

Respectfully submitted,

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